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Roderick G. Dorman (SBN 96908)
Alan P. Block (SBN 143783)
Kevin Shenkman (SBN 223315)
HENNIGAN, BENNETT & DORMAN LLP
601 South Figueroa Street, Suite 3300
Los Angeles, California 90017
Telephone: (213) 694-1200
Facsimile: (213) 694-1234
dormanr@hbdlawyers.com
blocka@hbdlawyers.com
shenkmank@hbdlawyers.com

Counsel to Plaintiff
ACACIA MEDIA TECHNOLOGIES CORPORATION

Hennigan, Bennett & Dorman LLP
Lawyers
Los Angeles, California

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

In re:

ACACIA MEDIA TECHNOLOGIES CORPORATION PATENT LITIGATION

Case No. C 05-01114
MDL No. 1665

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF ACACIA MEDIA TECHNOLOGIES CORPORATION'S MOTION FOR ENTRY OF JUDGMENT OF NONINFRINGEMENT AND INVALIDITY FOR INDEFINITENESS OF US PATENT NO. 6,144,702 AND CERTIFICATION PURSUANT TO FED. R. CIV. P. 54(B)

DATE: February 24, 2006
TIME: 9:00 A.M.
CTRM: Hon. James Ware

Dockets.Justia.com

I. INTRODUCTION

Based on this Court's construction of the claim terms "sequence encoder," "identification encoder," and "transmission system at a first location," Acacia cannot prevail on its claim for infringement of U.S. Patent No. 6,144,702 ("the '702 patent"). There is no just cause for further delay of appellate review of this Court's constructions. Therefore, a final judgment of non-infringement and invalidity for indefiniteness should be entered with respect to Acacia's claim for infringement of the '702 patent, so that the Federal Circuit Court of Appeals can promptly review this Court's rulings. Because of this Court's role as an MDL court, the interest of judicial economy strongly favors certification of a final judgment pursuant to Fed. R. Civ. P. 54(b).

II. FACTS

This Court presides over several consolidated cases in which Acacia alleges infringement of one or more of its "DMT patents" (U.S. Patent Nos. 6,144,702, 5,132,992; 5,253,275; 5,550,863; and 6,002,720). The majority of these cases were transfered to this Court for all pretrial purposes by the Multidistrict Litigation Panel. *In re Acacia Media Techs. Corp. Patent Litig.*, 360 F.Supp.2d 1377, 1379 (J.P.M.L. 2005).

On December 7, 2005, the Honorable James Ware issued the "Further Claim Construction Order; Order Finding Claims Terms Indefinite And Claims Invalid" ("Order"). In the Order, the Court found, among other things, the following:

1. that the claim term "sequence encoder," which appears in independent claims 1 and 17 and in dependent claims 18 and 32, of the '702 patent, is indefinite;
2. that the claim term "identification encoder," which appears in independent claims 1, 17, and 27 and in dependent claims 5, 6, 19, and 31 of the '702 patent, is indefinite; and
3. that the claim phrase "transmission system at a first location," which

HENNIGAN, BENNETT & DORMAN LLP
LAWYERS
LOS ANGELES, CALIFORNIA

> appears in independent claims 1, 17, and 27 of the '702 patent, means "a transmission system at one particular location separate from the location of the reception system."

These claim terms – "sequence encoder," "identification encoder," and "transmission system at a first location" – appear only in the claims of the '702 patent.

The effect of the Court's finding that the term "sequence encoder" in claims 1, 17, 18, and 32 is indefinite and finding that the term "identification encoder" in claims 1, 17, and 27 is indefinite, if upheld on appeal, would be to render all of the claims of the '702 patent (claims 1-42) indefinite, and therefore invalid, under 35 U.S.C. § 112, ¶ 2. Further, the effect of the Court's construction of the phrase "transmission system at a first location" in claims 1, 17, and 27 of the '702 patent as meaning "a transmission system at one particular location separate from the location of the reception system," if upheld on appeal, would be to render all of the claims of the '702 patent (claims 1-42) not infringed by the transmission systems made, used, or sold by the defendants in this case.[1]

Based on these effects of the Court's claim construction ruling, Acacia cannot contend that any of the defendants infringe a valid claim of the '702 patent.

III. ENTRY OF FINAL JUDGMENT IS PROPER UNDER FED. R. CIV. P. 54(B)

Rule 54(b) provides:

> "when more than one claim for relief is presented in an action, whether as a claim, counterclaim, cross-claim, or third-party claim, or when multiple parties are involved, the court may direct the entry of a final judgment as to one or more but fewer than all of the claims or parties only upon

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[1] Acacia reserves all rights to assert infringement of its other patents against any device or defendant, regardless of the number of locations at which its transmission system resides.

an express determination that there is no just reason for delay and upon an express direction for the entry of judgment."

In one of the few published cases directly addressing Fed. R. Civ. P. 54(b), the Federal Circuit set forth the appropriate criteria for a district court to employ in deciding whether to certify a claim for appeal pursuant to Rule 54(b). W.L. Gore & Assocs., Inc. v. Intern. Med. Prosthetics Research Assocs., Inc., 975 F.2d 858 (Fed. Cir. 1992).

First, this Court must determine whether a final judgment can be entered with respect to one or more claims. Id at 861-62. Here, as in W.L. Gore, there is more than one claim in the case – Acacia has alleged infringement of as many as five patents in some of the consolidated cases. Id at 860. Further, as in W.L. Gore, this Court has effectively invalidated all of the claims of the '702 patent and construed them in a manner that Acacia cannot allege they are infringed, such that a final judgment for the defendants can be entered on Acacia's claim for infringement of the '702 patent. Id at 860. Therefore, a final judgment can be entered for the defendants with respect to Acacia's claim for infringement of the '702 patent.

Next, this Court must decide "whether there are no just reasons to delay." Id at 862, quoting Curtiss-Wright Corp. v. General Elec. Co., 446 U.S. 1, 8 (1980). In making this determination, it is "proper for the District Judge … to consider such factors as whether the claims under review were separable from the others remaining to be adjudicated and whether the nature of the claims already determined was such that no appellate court would have to decide the same issues more than once even if there were subsequent appeals." Id at 862, quoting Curtiss-Wright Corp. v. General Elec. Co., 446 U.S. 1, 8 (1980). Here, Acacia's claim for infringement of the '702 patent is separable from its other claims, particularly because the claim terms that would be at issue in an appeal of this Court's findings of invalidity and non-infringement appear only in the claims of the '702 patent. Thus, the Federal Circuit would not have to again consider the construction of the three claim terms at issue here if there is a subsequent appeal of a judgment with regard to Acacia's other patents, because these terms do not appear in any of the other patents asserted by Acacia in any of these MDL proceedings. The Federal Circuit's ruling on appeal would necessarily depend only on its construction of these three claim terms, and it could not be asked to re-construe those claim terms in a subsequent appeal.

Because the claim terms at issue are found only in the claims of the '702 patent, there is no just reason to delay. The fact that there may be some overlapping issues of fact between Acacia's claim for infringement of the '702 patent and its other patents, because some of the same systems and methods are accused of infringing more than one patent, does not mean that the claims are not separable. W.L. Gore, 975 F.2d at 862, quoting Cold Metal Process Co. v. United Eng'g & Foundry Co., 351 U.S. 445, 452 (1956) ("If the District Court certifies a final order on a claim which arises out of the same transaction and occurrence as pending claims, and the Court of Appeals is satisfied that there has been no abuse of discretion, the order is appealable."). Further, the fact that there are affirmative defenses to Acacia's claim for infringement of the '702 patent that have not yet been adjudicated does not make Rule 54(b) certification inappropriate. W.L. Gore, 975 F.2d at 863 (describing an argument to the contrary – "This argument misconstrues Rule 54(b), is without merit, and is irrelevant.")

IV. THE INTERESTS OF JUDICIAL ECONOMY FAVOR CERTIFICATION UNDER FED. R. CIV. P. 54(B)

Because this Court is acting in its capacity as an MDL transferee court, the interests of judicial economy heavily favor Rule 54(b) certification. Specifically, this Court will remand many of the actions to the courts in which they were originally filed once they are ready for trial. See In re Acacia Media 360 F.Supp.2d 1379-1380. Each of these courts will be required to have a full trial. If a claim construction ruling is reversed after trial, it is likely that each of those courts would then be required to have another trial. In contrast, Rule 54(b) certification will allow the Federal Circuit

Court of Appeals to resolve these claim construction issues now to avoid the possibility of doubling the already large number of trials in this matter. Therefore, in addition to satisfying Rule 54(b), which is crafted to prevent any waste of the appellate courts' time, entering a final judgment now in this case will also avoid a potentially enormous waste of the transferor courts' time.

V. CONCLUSION

Based on the foregoing, Acacia respectfully requests that this Court enter a final judgment of: (1) invalidity for indefiniteness of claims 1-42 of the '702 patent on the basis that the Court has found that the terms "sequence encoder" and "identification encoder" of claims 1-42 of the '702 patent are indefinite; and (2) for non-infringement of claims 1-42 the '702 patent on the basis that the Court has construed the phrase "transmission system at a first location" to mean "a transmission system at one particular location separate from the location of the reception system." Acacia further requests that this Court find that there is no just cause for delay, and thus direct entry of judgment pursuant to Fed. R. Civ. P. Rule 54(b).

DATED: January 20, 2006 HENNIGAN, BENNETT & DORMAN LLP

BY: /s/ Alan P. Block
Roderick G. Dorman
Alan P. Block
Kevin I. Shenkman

ATTORNEYS FOR PLAINTIFF
ACACIA MEDIA TECHNOLOGIES
CORPORATION